

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1247 - HB 1134

March 6, 2013

SUMMARY OF BILL: Exempts National Basketball Association (NBA) players and National Hockey League (NHL) players from paying occupational privilege tax

ESTIMATED FISCAL IMPACT:

**Decrease Local Revenue – \$1,590,000/FY12-13
\$3,500,000/FY13-14 and Subsequent Years**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-1702(a)(7) and Tenn. Code Ann. § 67-4-1703(d), NBA and NHL players are subject to a \$2,500 tax per game played in Tennessee, with a three game annual cap, due and payable on June 1 of each year.
- Pursuant to Tenn. Code Ann. § 67-4-1703(e), all taxes collected from NBA or NHL players are deposited into a municipal government fund located in the municipality where the game is played.
- According to the Department of Revenue, occupational privilege tax collections from NBA and NHL players were approximately \$3,500,000 in FY11-12. This number is assumed to remain constant into perpetuity under current law except for FY12-13 due to the NHL lock-out in the 2012/2013 season, which decreased the number of home games played by each team by 17 (from 41 to 24).
- Assuming NHL teams have a game day roster of 20 players and 17 games were not played due to the lockout, the estimated decrease to local revenue as a result of the lock-out in FY12-13 is \$850,000 (20 visiting players x 17 games x \$2,500). As a result, the estimated occupational privilege tax collections from NBA and NHL players are estimated to be \$2,650,000 (\$3,500,000 - \$850,000) in FY12-13 under current law. Tax collections from home players will not be affected due to the three-game cap.
- The recurring decrease in local government revenue is estimated to be \$3,500,000.
- Based on historical occupational privilege tax collections, it is estimated that 40 percent of NBA and NHL occupational privilege tax returns will be filed prior to the effective date of the bill (effective upon becoming a law). The remaining 60 percent of returns will not be filed as a result of the effective date of the bill. The resulting one-time decrease in local government revenue in FY12-13 is estimated to be \$1,590,000 (\$2,650,000 x 60.0%).

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- Any additional expenditures by NBA and NHL players on sales-taxable goods and services are a result of tax savings realized by this bill are estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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